

# A&S Mineral Development Co. LLC Docket 70-2020 Change of Operator Application

Hearing to consider approval of the transfer of plugging and reclamation responsibilities of 48 wells heretofore operated by Anadarko Minerals, Inc.

In accordance with 82-11-123(5), MCA and the Board  
Policy approved in August 2020

A&S Mineral Development Co., LLC proposes to furnish a  
reasonable bond with good and sufficient surety  
conditioned for performance of the duty to properly plug  
each dry or abandoned well.

In accordance with ARM 36.22.1308(1)(b) A&S proposes a multi well bond of \$50,000 for the production wells to provide surety that each well is properly plugged and reclaimed.

In accordance with ARM 36.22.1308(9)....

A&S submitted a correct Notice of Intent to Change Operator for 48 wells. To our knowledge both the transferor and transferee are in compliance with the boards statutes, rules and orders as required for approval. Of the 48 wells for which a change of Operator was requested, Nine (9) are covered by a federal blanket bond, Seven (7) are covered by individual injector bonds and 32 will be covered by the proposed state multiple well bond

Of the 32 wells that will be covered by the state multiple well bond, 13 are considered inactive (yellow) as defined in the board policy and 19 are considered active.

The salvage value and plugging cost was estimated for each well.

Estimated salvage value from equipment inventory during due diligence

Typical Salvage			
Equip	32000	RPU, Vessels & Tanks	
Tubing	23400	yellowband	
Rods	6000	structural	
	61400		

Estimated individual P&A cost based on depth, well configuration and typical regulatory requirements

A \$50,000 multiple well bond should be sufficient

LSE_NAME	BOND	Est P&A Cost	Salvage	Difference
BEIER HENRY 3-34	State	63000	61400	-1600
BLACK MAGIC 1-29	State	63000	61400	-1600
CAMPBELL MV 1	State	64000	63800	-200
CRAWFORD A-1	State	61000	62900	1900
DAHL 1-16	State	64000	63200	-800
DAHL 3-16A NISKU/CRLSC	State	68000	66100	-1900
HAWKINS KAT 1-16H	State	64000	63200	-800
HURLEY ROBERT 1-30	State	59000	60500	1500
KLIEWER A 1	State	61000	61400	400
MFU DAHL 2-16	State	59000	62000	3000
MFU DARLENE 1-15	State	63000	61000	-2000
MFU GARY 1-16	State	62000	60500	-1500
MFU HAWKINS KAT 1-U	State	61000	61600	600
MFU RUGGLES 1-15	State	61000	59000	-2000
MFU SUZANNE 1-15	State	60000	61200	1200
OLFERT B. 1-33 PSI	State	54000	46000	-8000
OLFERT B. 2-33	State	62000	62300	300
OLFERT C. 1-29H	State	68000	63800	-4200
OLFERT C. 2-29	State	61000	61800	800
OLFERT C. 3-29	State	59000	60500	1500
OLFERT C. 4-29	State	60000	60500	500
OLFERT D. 2-33	State	63000	61000	-2000
REDDIG A. 1-32	State	61000	61400	400
REDDIG C. 2-30	State	58000	61400	3400
REDDIG C. 3-31	State	59000	61400	2400
REDDIG J. 1-5	State	61000	60900	-100
TIESZEN W 1-11	State	59000	61000	2000
TIESZEN-TOEWS 1-3	State	59000	60500	1500
TIESZEN-TOEWS 2-3	State	59000	60500	1500
TIESZEN-TOEWS 3-3	State	59000	60500	1500
UNRAU, KAT 1	State	63000	61400	-1600
WILDER GE 2	State	62000	61000	-1000
Totals for the 32 covered wells		1960000	1955100	-4900

A&S believes the bond amount proposed is sufficient because the salvage value of the equipment on location for each well is close in value to the cost of plugging each well thus eliminating the need for increased surety.

The board staff prepared a report identifying fourteen (14) idle wells. The report is shown in the following slide.

One of the wells is covered by a federal bond.

A&S has identified wells to plug and wells that have further potential.

Of the fourteen (14) wells on the Shut-in wells list of concern, five (5) will be on the P&A list and nine on the A&S workover schedule

## Shut-In Wells by Operator

11/24/2020  
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655 A				Wells	SI	%	
Anadarko Minerals, Inc.				/ Well	48	14	29%
M1	Multiple Well Bond	\$50,000	\$1,388.89	36	13	36%	
F1	Federal			12	1	8%	
SI Two to Five Years		SI Five to Ten Years		SI Greater than Ten Years		Total	
7		4		3		14	

655/F1		Federal						Last Non-Zero
655 F1	105-21277	Marie Standing Heirs 1	31N-43E-35	SW SW	867 FSL, 573 FWL	OIL		12/31/2017
655/M1		Multiple Well Bond						Last Non-Zero
655 M1	105-21266	J. Reddig 1	30N-44E-5	NE NE	700 FNL, 530 FEL	OIL		12/31/2014
655 M1	105-21426	Suzanne 1-15	30N-45E-15	SW SW	700 FSL, 860 FWL	OIL		12/31/2014
655 M1	105-21416	Gary 1-16	30N-45E-16	NE SW	1980 FSL, 1980 FWL	OIL		5/31/2017
655 M1	105-21227	Kliewer 1	31N-44E-27	SE SE	660 FSL, 660 FEL	OIL		1/31/2015
655 M1	105-21373	Olfert "C" 2	31N-44E-29	NE SW	1980 FSL, 1980 FWL	OIL		12/31/2011
655 M1	105-21338	Olfert "C" 1	31N-44E-29	SW SW	660 FSL, 660 FWL	OIL		10/31/2016
655 M1	105-21444	Robert Hurly 1-30	31N-44E-30	NE NW	936 FNL, 2389 FWL	OIL		12/31/2005
655 M1	105-21235	C. Reddig 2	31N-44E-30	SE SE	660 FSL, 990 FEL	OIL		6/30/1994
655 M1	105-21351	C. Reddig 3	31N-44E-31	NE NE	660 FNL, 660 FEL	OIL		9/30/2013
655 M1	105-21311	D. Olfert 2	31N-44E-33	SW NE	1980 FNL, 1980 FEL	OIL		1/31/2015
655 M1	105-21283	Olfert "B" 2	31N-44E-33	NE SE	1350 FSL, 660 FEL	OIL		12/31/2017
655 M1	105-21258	Olfert "B" 1	31N-44E-33	SW SE	731 FSL, 2048 FEL	OIL		6/30/1991
655 M1	105-21273	Henry Beier 3	31N-44E-34	SW SW	660 FSL, 660 FWL	OIL		2/28/2015

Action/Date	Well Name
5/1/2022	H Beier 3
5/1/2021	MV Campbell #1
5/1/2022	Kliewer A 1
5/1/2022	Gary 1-16
5/1/2022	Suzanne Allotted 1-15
P&A	Olfert B 1
5/1/2022	Olfert B 2
P&A	Olfert C 1-29
5/1/2022	Olfert C 2-29
5/1/2022	Olfert D 2-33
P&A	Reddig C2
P&A	C Reddig 3
P&A	J Reddig 1
5/1/2022	Marie Standing 1

The board policy recommends operators new to  
the board discuss financial information,  
management experience and operations plans

Economic analysis performed by A&S indicate we can operate profitably with oil prices in excess of \$35 / barrel. Due to the proprietary nature of financial information, more detail regarding the economics and current operating budget can be made available to the board in a controlled setting.

# Management Experience

A&S Mineral Development Company, LLC was formed in 2009 to enable the Tribes to develop their own minerals. A new Board of Directors was recently installed by the Tribes to separate it from the Tribal Government. The company has a Board of Directors and Staff:

**Chairman:** Rick Kirn, AS Civil Technology, Nine term Tribal Council Member, Montana Board of Crime Control 18 years & current Vice Chair, ASRWSS Board of Directors 8 yrs.

**Vice-Chairman:** Grant Stafne, Ft. Peck Tribal Executive Board 3 terms, Deputy Superintendent - Trust Services - Fort Peck and Fort Belknap Agencies, BIA

**Secretary:** Carrie Sue Schumacher, Enrolled Tribal Member, BS in Elementary Education, MS Interdisciplinary Graduate Studies, Completed course work for Ed.D in HE Leadership

**Director:** Mark Sansaver, MBA Gonzaga University, BA Marketing Montana State University, 16 yrs Sales Mgmt. of Fortune 500 companies, 18 yrs Grant Manager at FPCC

**Director:** RaeJean Belgarde, BS Accounting, Director Tribal sponsorship Health Insurance Program, Studied Petroleum Engineering at Colorado School of Mines

General Manager: Deb Madison, BS Petroleum Engineering, Montana Tech, Director of Tribal Minerals program for the last 4 years.

Field Operations Mgr: Howard Azure, has been a contract lease operator and operations supervisor for 38 years in the area and is extremely familiar with operations in the Lustre field.

Consultant: James Adkins

BS in Petroleum Engineering, University of Wyoming, 35 years of diverse oil & gas upstream experience, PE 29357 CO

Consultant: Dave Ponto

BS in Mechanical Engineering from Montana State and over 31 years of diverse oil and gas upstream experience

The Tribes are already responsible for sixteen (16) wells on the reservation and these wells are covered by a blanket federal surety bond and individual Injector bonds. Ten (10) are active, four (4) are scheduled for workover and two (2) are scheduled for P&A.

Nine (9) of these wells are in the Lustre Field and were previously on the Anadarko gathering system. There are cost savings by getting back on the system.

The Tribes have shown they can operate cheaper than other operators because of certain tax advantages and lower overhead.

The Tribes have an operating plan and an operating budget for the coming year including the AMI assets.

# The following wells will be on production:

RTP Date	Active Producers FY-2021	BOND
10/1/2020	Tribal A-1	Federal
10/1/2020	Tribal 4-10	Federal
10/1/2020	McKay 1-22	Federal
11/1/2020	Tribal 3A	Federal
5/1/2021	Tribal 7A	Federal
5/1/2021	Surprise Tribal 1-19	Federal
5/1/2021	White Eagle A-1	Federal
5/1/2021	Tribal 1A	Federal
10/1/2020	Bellonger Clark 2	from AMI
10/1/2020	Bellonger Clark 3	from AMI
10/1/2020	Black Magic 1-29	from AMI
11/1/2020	Crawford A1	from AMI
10/1/2020	Dahl 1-16	from AMI
10/1/2020	Dahl 3-16A	from AMI
11/1/2020	Fort Peck 6-32	from AMI
10/1/2020	Iron Bear Heirs 2	from AMI
10/1/2020	Dahle 2-16	from AMI
5/1/2021	A Reddig 1	from AMI
11/1/2020	Sun Tribal 2	from AMI
11/1/2020	W Tieszen 1	from AMI
11/1/2020	Tieszen Toews 1	from AMI
5/1/2021	Tieszen Toews 3	from AMI
11/1/2020	GE Wilder 2	from AMI
10/1/2020	Wilder Clark	from AMI
11/1/2020	William Clark A3	from AMI

and injection:

RTI Date	Active Injectors FY-2021	BOND
10/1/2020	Koda WasTe	76000
10/1/2020	Kenneth Dahl 1-8 SWD	50000
10/1/2020	Dahl 9-16 INJ	48000
5/1/2021	H Beier 2 swd	50000
10/1/2020	C Reddig 1 SWD	50000
10/1/2020	Cranston 1 SWD	50000
11/1/2020	J.R. Reddig 1-15	48000
5/1/2021	Harvey Greybear Heirs 1-15	48000
	total injector bonding	420000

The following wells will be shut in pending workover or P&A

The A&S business plan and budget includes funding for two (2) P&A's per year and setting aside 10% of profits to establish an orphan well fund.

These features of the operating plan were required by our lender

RTP Date or Status	Shut In Wells FY-2021	BOND
5/1/2022	Mule Creek Allotted #1	Federal
5/1/2022	Chaske 43-32	Federal
P&A	Indian Trust #1-8	Federal
P&A	Wenona 1	Federal
5/1/2022	Sylvia Roberts 2	Federal
5/1/2022	Sylvia Roberts 1	Federal
5/1/2022	Tribal 6A	Federal
5/1/2022	H Beier 3	State
5/1/2021	MV Campbell #1	State
5/1/2021	Katherine Hawkings 1-16HZ	State
5/1/2022	Hurley Robert 1-30	State
5/1/2022	Kliewer A 1	State
5/1/2022	Darlene 1-15	State
5/1/2022	Gary 1-16	State
5/1/2022	Katherine Hawkings	State
5/1/2022	Suzanne Allotted 1-15	State
P&A	Olfert B 1	State
5/1/2022	Olfert B 2	State
P&A	Olfert C 1-29	State
5/1/2022	Olfert C 2-29	State
5/1/2022	Olfert C 3-29	State
P&A	Olfert C 4-29	State
5/1/2022	Olfert D 2-33	State
P&A	Reddig C2	State
P&A	C Reddig 3	State
P&A	J Reddig 1	State
5/1/2022	Marie Standing 1	State
P&A	Tieszen Toews 2	State
5/1/2022	Ruggles 1-15	State
5/1/2021	Sun Tribal 14-32	State
5/1/2021	Katherine Unrau Trust 1	State

A&S Mineral Development Co., LLC believes we have met all of the statutory requirements other than updating the business registration with the Secretary of State and request that you conditionally approve our request for the Change of Operator